



## Capital Planning Committee

Capital Plan for FY2022 (July 1, 2021 – June 30, 2022)  
5-Year Plan for FY2022 – FY2026

Date: Thursday, October 29, 2020  
Time: 5:00pm-7:00pm  
Location: WebEx and Zoom Meeting

### Minutes

Attendance: Joseph Barr,  
Ida Cody,  
Kate Leary,  
Kate Loosian,  
Phyllis Marshall,  
Michael Mason,  
Chris Moore,  
Angela Olszewski,  
Sandy Pooler,  
Jon Wallach,  
Julie Wayman, Management Analyst  
Timur Kaya Yontar,  
Peter Frazier, Managing Director, Hilltop Securities,  
Abby Jeffers, Director, Hilltop Securities,

Not in attendance: None.

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**Meeting Opened:** Mr. Yontar called the meeting to order at 5:04pm. The minutes of the meeting of October 15, 2020 were reviewed and unanimously approved (moved by Ms. Olszewski, seconded by Mr. Moore).

**Presentation from Hilltop Securities:** Ms. Marshall introduced Peter Frazier and Abby Jeffers from Hilltop Securities, the firm that is the financial advisor for the Town. They provided a presentation to the Committee entitled "Borrowing Process Overview and the Role of the Financial Advisor." The presentation provided an overview of the entirety of the borrowing process, and included the following key points:

- Description of the federal, state, and local laws and regulations that govern the borrowing process.

- Review of the tax exempt status of municipal bonds, as long as they are issued to pay for improvements that have a public purpose.
- Approval for borrowing requires a two-thirds majority vote of Town Meeting.
- Approval for a debt exclusion under Proposition 2 ½ requires a majority vote during a town-wide election.
- As part of the process, the Town's Bond Counsel provides a validity opinion that the borrowing is legal and proper, as well as confirmation that the borrowing qualifies for a tax exemption.
- Overview of bond arbitrage and the need to spend borrowed funds within a reasonable amount of time.
- The role of the Town Treasurer and other members of the Town's financial team.
- Other alternatives to borrowing on the open market, including the Massachusetts Clean Water Trust, the Massachusetts Water Resources Authority, and State House Loan Notes.
- The bond ratings agencies and the impact of bond ratings on borrowing costs, as well as the major factors that the rating agencies use to decide on credit ratings:
  - Economy and institutional framework (40%)
  - Management (20%)
  - Finance (30%)
  - Debt and contingent liabilities (10%)

The last item is the where Arlington has the most weakness, but it is also the smallest component of the rating.

Committee members asked several questions to Mr. Frazier and Ms. Jeffers:

- Mr. Barr asked whether there are other parties involved in the process, other than the bond counsel and the financial advisor. Mr. Frazier responded that there are also the rating agencies and the bond payers.
- Mr. Yontar noted that since there are fixed costs associated with borrowing, many borrowing items are bundled together, and then asked whether the term of borrowing for each of those items had to be the same. Mr. Frazier answered that the terms can vary, and this will just result in the repayments changing over time.
- The Committee also discussed the process of moving from the list of projects to the actual cost of the capital plan, including determining which projects will be paid with borrowing and which will be paid with cash, figuring out the cost of borrowing, and then balancing the plan to the 5% level. Members also discussed the analytical tools that are used to make this translation, including the Access database and the connected Excel spreadsheets that drive the development of the plan.

The Committee members ended the discussion by thanking Mr. Frazier and Ms. Jeffers for the very informative presentation.

**Department of Public Works Yard Update:** Mr. Yontar provided the Committee with an update on the \$8.9 million request for funding for the DPW Yard, including the presentation to the Finance Committee and the positive vote that was taken. The next step is to prepare the detailed report and request to the Special Town Meeting that is taking place on November 16, 2020.

**Schedule of Future Review:** Mr. Yontar provided an overview of the upcoming meeting schedule of Subcommittee presentations, as listed in the meeting agenda.

**Finance Subcommittee:** The Committee reviewed several requests from the Finance Subcommittee:

*Comptroller:* No new requests were received from the Comptroller's Office, and the Committee had no questions.

*Council on Aging:* The Committee had no questions about the future year requests. There was one question about whether the prior year funds that were proposed to be swept are Town funds or grant funds. The Subcommittee said that they would look into this question before the final decisions on sweeps are made.

*Health and Human Services:* The Committee discussed the following items:

- Item 32-HHS Office Update-Phase 2: Questions were asked about what happened to the carpet, and the Subcommittee responded that some of it was due to damage during construction, but a lot of the issue is that there were areas where walls were removed and they thought that the carpet extended under the wall, but in fact did not. As a result, the replacement of the carpet was likely to be needed even if no damage had occurred. There was also a question as to whether there is any contingency available to pay for this, which the Subcommittee is going to check on. Mr. Pooler also said that if this money is appropriated and then not fully spent, it will return to the plan.
- Item 33-Veterans Park: The Subcommittee noted that this project has been pushed out to the final year of the plan given the high level of uncertainty about it proceeding.

*Planning and Community Development:* The Committee discussed the following items:

- Item 46-Bluebikes Expansion/Maintenance: The Committee discussed whether this is capital-eligible and whether the Town would own the Bluebikes stations. The Subcommittee responded that the Town will own the stations, but they are not useful without the bicycles that are provided by Lyft under their current contract. So if the contract were not extended, then there would be no service to those stations. It was also noted that the contract can be canceled if the town does not achieve certain ridership milestones. The Committee recommended holding approval of this item until further information is available about current ridership.
- Item 47-Townwide ADA Accessibility Upgrades: The Subcommittee noted that the full list of proposed ADA upgrades has not yet been provided.
- Sweeps: A question was asked about why a number of these items are in the Planning budget when they are actually Facilities projects, and Mr. Pooler provided a brief description of how responsibility for certain buildings was transferred from Planning to Facilities, but these prior year funds still show in the Planning budget. There was also a question about when these older funds that were borrowed will be

spent, and the Subcommittee indicated that Facilities is working to encumber and spend these funds as quickly as possible.

*Redevelopment Board:* The Committee discussed the following items:

- Item 112-23 Maple Street-Repairs and Window Replacement: The Committee discussed the conditions of this building and what led to the current poor state of repair but agreed that these repairs need to be made.
- Item 115-Whittemore Park Upgrades: This item increased by \$100,000 from last year's plan, so the Committee wanted more information on the source of this cost increase and recommended holding this item pending that additional information.

Based on these discussions, Mr. Barr made a motion to approve all of the Finance Committee items that were discussed, with the exception of Item 46-Bluebikes Expansion/Maintenance and Item 115-Whittemore Park Upgrades. Mr. Moore seconded this motion, which was unanimously approved.

**Administration Subcommittee-Information Technology Department:** The Committee discussed the following items:

- The Town is trying to obtain CARES Act reimbursement of up to \$438,000 for some of the computers purchased during the COVID-19 pandemic.
- Item 34-Application/Permits Modernization Initiative: This new request is intended to create a single system for online applications and permits across Town departments, rather than just being able to view those permits. IT is still determining which software they want to use, but are investigating that question and have estimated the cost of implementation. The Committee was supportive of the project but wanted to defer approval until a decision is made about the capital eligibility of recurring subscriptions and licenses.
- Item 37-School Software Licensing and Item 39-Town Software Upgrades and Standardization: Both of these items were recommended to be held based on the questions about capital-eligibility of recurring subscriptions and licenses.
- Sweeps: The Committee noted that the older items that involved borrowing need to be spent down, particularly Items 77 and 78 on the Sweeps list.

Based on this discussion, Mr. Wallach made a motion to approve all of the IT items, with the exception of Item 34-Application/Permits Modernization Initiative, Item 37-School Software Licensing, and Item 39-Town Software Upgrades and Standardization. The motion was seconded by Ms. Marshall and approved unanimously.

The discussion of additional reports from the Administration and Public Works & Recreation Subcommittees were deferred to the next meeting.

**New Business:** There were no new business items.

**Meeting Adjournment:** The meeting adjourned unanimously at 7:20pm (moved by Mr. Moore, second by Mr. Barr).